

Effects and role of macroprudential policy: Evidence from reserve requirements based on a narrative approach

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- Macroprudential policy has become a key issue in practice

Motivation

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 - Does RRP complement (i.e., reinforce) or substitute for monetary policy?

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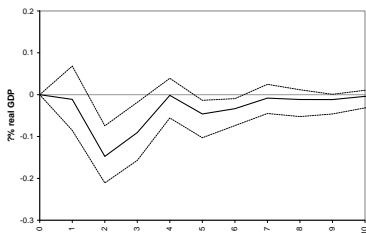
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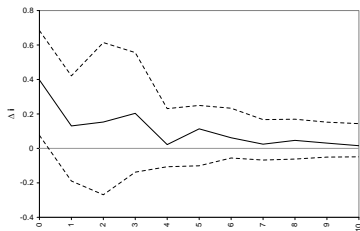
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- Panel VARs with quarterly data

Monetary policy in the United States

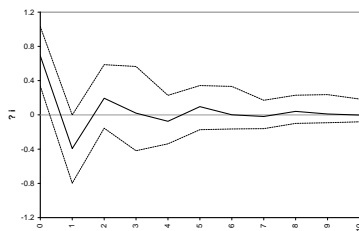
Panel A. Effect of monetary policy on GDP



Panel B. Effect of GDP shock on Δi

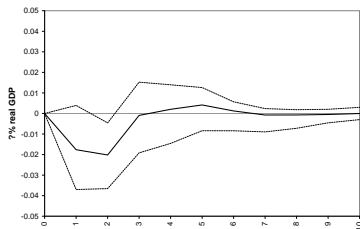


Panel C. Effect of inflation shock on Δi

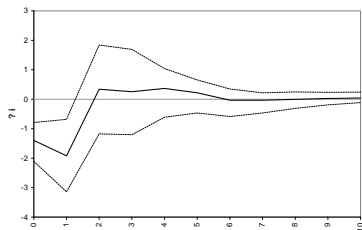


Monetary policy in LAC 4

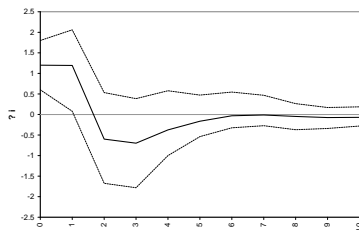
Panel A. Effect of monetary policy on GDP



Panel B. Effect of GDP shock on π

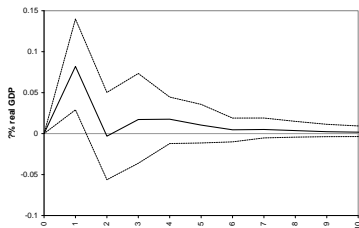


Panel C. Effect of inflation shock on π

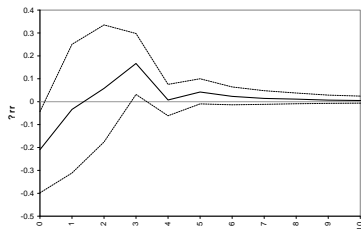


RRP in LAC 4: “Traditional” identification

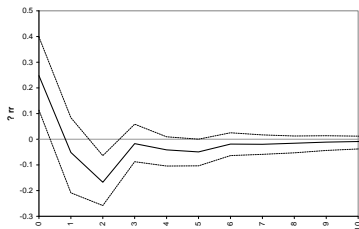
Panel A. Effect of RR policy (*all RR changes*) on GDP



Panel B. Effect of GDP shock on RR



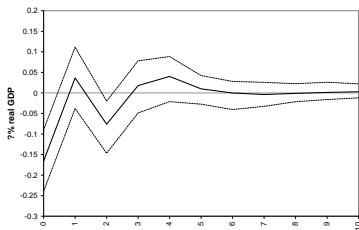
Panel C. Effect of inflation shock on RR



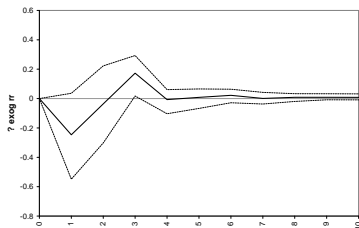
	total	exogenous	endogenous
Argentina (1992:1-2011:3)	33	20	13
Brazil (1995:1-2010:4)	20	14	6
Colombia (1992:1-2011:3)	6	1	5
Uruguay (1992:1-2011:4)	10	9	1
Total	69	44	25

RRP in LAC 4: Identification based on narrative

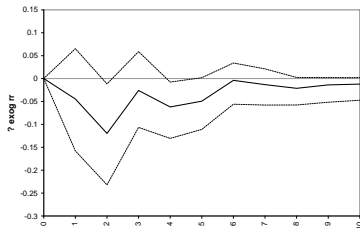
Panel A. Effect of RR policy (*exogenous RR changes*) on GDP



Panel B. Effect of GDP shock on RR

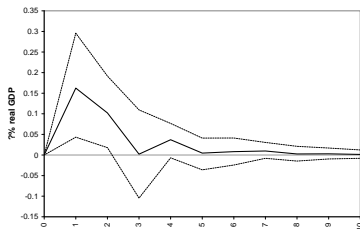


Panel C. Effect of inflation shock on RR

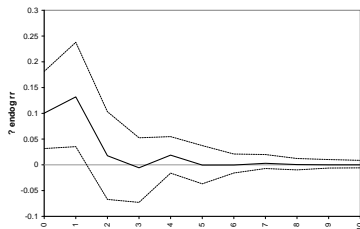


RRP in LAC 4: Endogenous changes

Panel A. Effect of RR policy (*endogenous RR changes*) on GDP

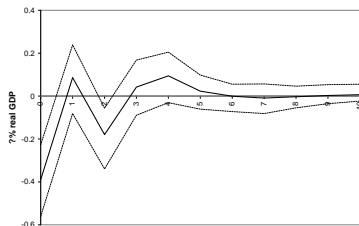


Panel B. Effect of GDP shock on RR

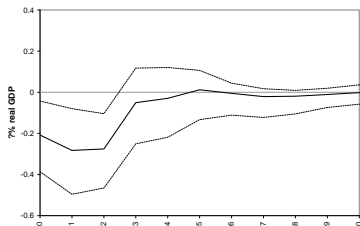


Monetary policy versus RP in LAC 4

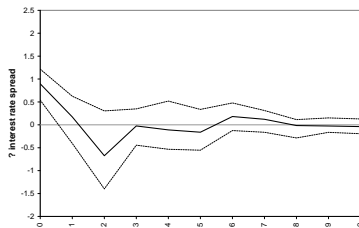
Panel A. Effect of RR policy (*exogenous*) on GDP



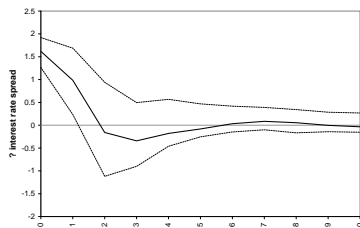
Panel B. Effect of monetary policy on GDP



Panel C. Effect of RR policy (*exogenous*) on i spread

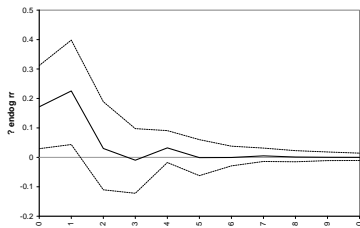


Panel D. Effect of monetary policy on i spread

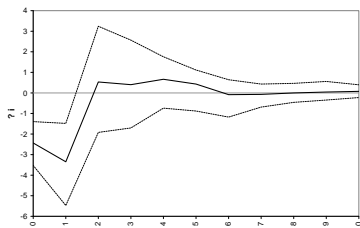


Substitutability between RRP and monetary policy

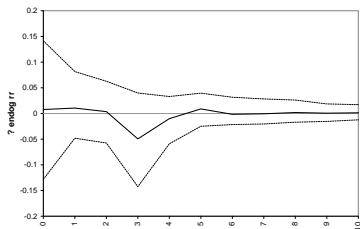
Panel A. Effect of GDP on RR policy (*endogenous*)



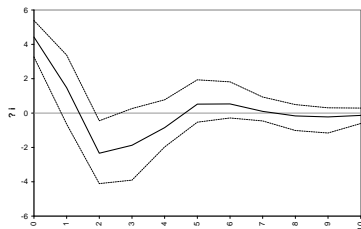
Panel B. Effect of GDP on monetary policy



Panel C. Effect of depreciation on RR policy (*endogenous*)



Panel D. Effect of depreciation on monetary policy



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- RRP acts as substitute for monetary policy